Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 LONDON 02681 020913Z

15
ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SAM-01 NSC-10 SS-20

STR-08 CEA-02 L-03 H-03 PA-04 USIA-15 PRS-01 AGR-20

DRC-01 /201 W
---------- 094099
R 011830Z MAR 74
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 8363
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDOC WASHDC

UNCLAS LONDON 02681

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652:N/A
TAGS: ECON, UK
SUBJECT: ECONOMIC DEVELOPMENTS - WEEK ENDING MARCH 1

BEGIN SUMMARY: IN THIS WEEK, CULMINATING WITH THE GENERAL
ELECTION ON FEBRUARY 28, THE POUND REMAINED REMARKABLY
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PAGE 02 LONDON 02681 020913Z

STABLE AT ABOUT $2.30 AGAINST THE DOLLAR WITH AN AVERAGE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

TRADE-WEIGHTED DEVALUATION OF 18 PERCENT. FRIDAY (MARCH 1) SAW A FALL OF FOUR CENTS AT THE OPEN BUT STERLING RE-COVERED TO ABOUT $2.2850 WITH NEWS THAT THE LABOR MAJORITY WOULD, IN ALL LIKELIHOOD, BE VERY SMALL. GOLD ROSE TO $175.50 ON TUESDAY (FEB. 26), BUT FELL BACK SHARPLY TO CLOSE AT $163 ON THURSDAY (FEB. 28). THE U.K. RECORDED A CURRENT ACCOUNT DEFICIT OF 312 MILLION POUNDS IN JANUARY, 1974. THE NUMBER OF WORKING DAYS LOST IN JANUARY DUE TO STRIKES DROPPED TO THE LOWEST LEVEL FOR ANY MONTH SINCE DECEMBER, 1968. END SUMMARY

1. THE POUND WAS VERY STABLE THIS WEEK AGAINST THE DOLLAR AND CLOSED ON THURSDAY (FEB. 28) AT $2.3055, UP 110 POINTS FROM LAST THURSDAY'S CLOSE. ON FRIDAY THE POUND OPENED INITIALLY WEAKER, FALLING TO ABOUT $2.2650 BUT STRENGTHENED TO ABOUT $2.2850 DUE TO THE POLITICAL SITUATION AND THE FURTHER DECLINE IN THE U.S. PRIME RATE. THE AVERAGE WEIGHTED DEVALUATION NARROWED TO 18.0 PERCENT ON THURSDAY, COMPARED TO 18.5 PERCENT A WEEK AGO. GOLD ROSE SHARPLY TO $175.50 ON TUESDAY (FEB. 26) BUT FELL BACK TO $163 ON THURSDAY (FEB. 28) UP $5.75 FROM LAST THURSDAY'S CLOSE.

2. IN JANUARY, THE U.K. RECORDED A RECORD MERCHANDISE TRADE DEFICIT OF 383 MILLION POUNDS WITH A SURPLUS OF 71 MILLION POUNDS ON THE INVISIBLES ACCOUNT, THUS PRODUCING A CURRENT ACCOUNT DEFICIT OF 312 MILLION POUNDS. FOR DETAILS SEE LONDON 2435.

3. IN JANUARY, THE NUMBER OF WORKING DAYS LOST DUE TO STRIKES AS WELL AS THE NUMBER OF STRIKES WAS THE LOWEST IN SIX YEARS. THE TOTAL NUMBER OF WORKING DAYS LOST WAS 199,000 COMPARED WITH 274,000 IN DECEMBER AND THE NUMBER OF STRIKES DROPPED FROM 120 TO 111.

4. THE FORWARD DISCOUNTS ON STERLING FELL BACK ON TUESDAY (FEB. 26) WIDENED ON WEDNESDAY AND FELL BACK A BIT ON THURSDAY.

	2/21	2/28	CHANGE
1 MONTH	1.57-1/2	1.74	UP 0.16-1/2

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PAGE 03 LONDON 02681 020913Z

3 MONTHS	5.15	5.35	UP 0.20
6 MONTHS	9.10	9.50	UP 0.40

(ALL FIGURES IN CENTS)

4. LOCAL AUTHORITY RATES MOVED IN A MIXED FASHION OVER THE WEEK.

	2/21	2/28	CHANGE
1 MONTH	14-1/8	14-1/2	UP 3/8

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

3 MONTHS	14-7/8	14-3/4	DOWN 1/8
6 MONTHS	14-13/16	15	UP 3/16

5. EURO-DOLLAR RATES MOVED SLIGHTLY UPWARD.

	2/21	2/28	CHANGE
1 MONTH	8-3/8	8-9/16	UP 3/16
3 MONTHS	8-3/8	8-9/16	UP 3/16
6 MONTHS	8-1/2	8-9/16	UP 1/16

6. THE MINIMUM LENDING RATE REMAINED UNCHANGED AT 12.5 PERCENT ON FRIDAY, MARCH 1, 1974.

ANNENBERG

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NNN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Concepts: FINANCIAL MARKETS, FOREIGN EXCHANGE RATES, POUND (CURRENCY), BALANCE OF PAYMENTS DEFICITS, FOREIGN EXCHANGE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON02681
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
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ISecure: 1
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Office: ACTION EUR
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Original Handling Restrictions: n/a
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Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
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Review Comment: n/a
Review Content Flags:
Review Date: 13 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 JUN 2002 by elbezefj>; APPROVED <13 JUN 2002 by golinofr>
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US Department of State
EO Systematic Review
30 JUN 2005

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Status: NATIVE
Subject: ECONOMIC DEVELOPMENTS - WEEK ENDING MARCH 1 BEGIN SUMMARY: IN THIS WEEK, CULMINATING WITH THE GENERAL
TAGS: ECON, UK
To: STATE
Type: TE
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